
DIGEST

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Tucker

HB No. 1229

Abstract: Creates the State Retirement System Investment Commission to control the investments of the four state retirement systems.

Proposed law, relative to state retirement systems, creates the State Retirement System Investment Commission (the 'commission') to control the investments of the four state retirement systems, which are:

- (1) Louisiana State Employees' Retirement System (LASERS).
- (2) Teachers' Retirement System of Louisiana (TRSL).
- (3) Louisiana School Employees' Retirement System (LSERS).
- (4) State Police Pension and Retirement System (LSPRS).

Proposed law provides that the commission shall consist of 9 members as follows:

- (1) The state treasurer or his designee.
- (2) One member appointed by the governor.
- (3) One member of the House appointed by the speaker of the House.
- (4) One member of the Senate appointed by the Senate president.
- (5) The legislative auditor or his designee.
- (6) Four members, one appointed by each of the boards of trustees of the state retirement systems.

Proposed law provides that each board member shall serve a 4-year term, except for designees, whose terms shall be coterminous with the ex officio members appointing them. Members shall receive a per diem of \$75 and expenses as provided for state employees. Legislative members receive per diem and expenses as provided for legislative committees. The commission shall have a budget which will be funded by each system on a pro rata basis, according to asset size. Members shall meet all the education requirements imposed by present law on trustees of

retirement system boards.

Proposed law requires that each member of the commission shall possess at least one of the following qualifications:

- (1) The Chartered Financial Analyst credential.
- (2) The Certified Financial Planner credential.
- (3) 10 years of securities broker experience.
- (4) 10 years of actuarial experience.
- (5) 10 years of teaching experience in the subject of economics or finance.
- (6) A Ph.D. in economics or finance.
- (7) 10 years of accounting or auditing experience.

Present law establishes a fiduciary duty for each retirement system, its trustees, its employees, and certain investment professionals working for such systems.

Proposed law provides that the members of the commission shall be subject to the same fiduciary requirements of present law.

Proposed law provides that the commission shall have sole authority for investment management and disposition of assets of the state retirement systems. The commission may invest the assets of each system separately or on a consolidated basis, but a separate accounting shall be kept for funds of each system.

Proposed law provides that the commission shall employ a Chief Investment Officer (CIO) to assist the commission in its investment duties. Requires that he have certain abilities and experience. Provides for the CIO's duties, including asset allocation, supervising investment portfolios and activities, complying with system reporting requirements, and supervising system investment staffs. Provides that the investment staff of each state system shall be under the CIO's supervision. Authorizes the commission to abolish and vacate the position of CIO existing within each system and use other system staff. Provides that the commission may contract with third parties to assist in the fulfillment of its duties. Authorizes the commission to terminate system agreements for such third party assistance subject to the terms thereof. Such third parties shall be subject to the fiduciary requirements of present law.

Proposed law provides that the state retirement systems shall continue to issue separate actuarial, audit, investment, and financial reports, but the commission shall submit quarterly investment reports to the Joint Legislative Committee on the Budget, and the House and Senate Committees on Retirement.

Proposed law provides that a majority of the commission membership shall constitute a quorum and a majority of the quorum shall be necessary to take action. Provides that the official domicile of the commission shall be the state capitol in Baton Rouge.

Proposed law provides that nothing in proposed law shall be construed to invalidate any contracts entered into by a state retirement system.

Effective January 1, 2011.

(Adds R.S. 11:331 through 339 and R.S. 36:769(G) and 801.3(D))